

Moving Forward

By Paul O'Neill

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For the past several months, Americans have watched the stock markets drop, watched their 401(k)s and mutual funds shrink and raged at corporate executives who defrauded investors and employees for personal gain. It's reassuring to see that as a nation we are adjusting to these problems, making needed repairs and moving forward.

President Bush has signed legislation to improve corporate accountability and auditor oversight; the Securities and Exchange Commission has sharpened its focus; and executives and directors in boardrooms across America are scrutinizing and improving their practices to ensure accurate information for investors.

The enduring performance of our economy -- even following terrorist attacks on our political and financial capitals, corporate scandals and the end of the dot-com bubble -- has been a testament to the character of our nation. Confidence in our financial markets, in turn, does not come from talking heads on television. It derives from the economic fundamentals, which today are strong. Our economy is growing, and inflation and interest rates are low. Homeowners are refinancing their mortgages, giving them more cash to spend each month, and our economy has created additional new jobs for two months in a row. When the economic fundamentals are strong, personal incomes rise and our prosperity is more secure.

President Bush has been focused on these fundamentals since he took office, emphasizing the principles of economic freedom: simpler and lower taxes, freer trade, homeland security and fiscal restraint. Quick action last year, when the president cut taxes and the Federal Reserve cut interest rates, shortened and reversed a recession. Today our recovery is underway, and Americans are going back to work. And the president is continuing to reinforce the foundations to strengthen our recovery and to protect the savings that working Americans set aside for their economic security.

First, we are continuing to improve our tax system, by working to make tax relief permanent and to simplify our tax code. Predictability and simplicity should be our bywords. Predictability so that families, investors and small business owners can invest for the future and hire new workers without fear of surprise new costs imposed by the government. Simplicity because our overwrought tax code is an abomination. It diverts vital resources away from job creation and productive investments, puts U.S. employers at a competitive disadvantage and raises prices for consumers.

Second, the president has been relentless in his drive to upgrade homeland security, a basic element of our economic security. The brief economic freeze following Sept. 11 demonstrated that reality all too well. We must act quickly to complete legislation for the new Department of Homeland Security, which would better organize and deploy our resources toward preventing further attacks.

As we finance the defense of our nation we must demonstrate fiscal restraint across the government, as wasteful spending drains limited resources and ultimately foists additional debts and taxes on the public. The president has also called on Congress to approve federal terrorism risk insurance, because the insurance void today is slowing new construction and job creation. Third, President Bush has asked for and Congress has approved trade promotion authority to open markets around the world to American goods and services. A stable, blossoming world

economy, founded on freer trade, is necessary to strengthen America's long-term growth prospects and national security.

Fourth, President Bush has called on Congress to ensure that individual Americans can control their own retirement savings and make their own investment decisions without undue constraints from employers. Your retirement nest egg is yours alone -- you earned it, and you should have full legal rights to control it. The Senate is holding up this important legislation, and it is time to end that logjam.

The president is committed to an agenda of economic freedom married closely to individual responsibility. He has demanded that we hold CEOs accountable for providing honest information to investors. Congress, the Securities and Exchange Commission, the stock markets and individual companies have all responded to his call and taken steps to improve accountability. As we implement these new measures, markets will return to focusing on the economic fundamentals.

We have had two straight quarters of solid growth. Consumer spending has stayed strong, and business investment is picking up. As our economy continues to grow at a healthy pace, Americans will see their incomes and their retirement accounts grow as well.

We will continue to advance an agenda of economic freedom and opportunity tied to accountability to ensure that Americans have the greatest possible opportunity to live the lives they dream of achieving.

The writer is secretary of the Treasury.